

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 11, 2003**

AGENDA ITEM NO.: 11

CONSENT: **X**

REGULAR:

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **Appropriations for Refuse Collection and Recycling Gainsharing Programs for FY 2002**

RECOMMENDATION: Adopt the attached Resolution appropriating funds for the refuse collection and recycling gainsharing programs from cost savings during the FY 2002 contract year.

SUMMARY: Upon completion of the recycling bid process in 1996, it was determined by City Council that the Department of Public Works could provide those services at the lowest overall cost. Subsequently, City Council adopted resolutions authorizing the City Manager to execute Memoranda of Understanding with Public Works to provide refuse collection and recycling services.

The Memoranda of Understanding provide that at the end of each contract year, the actual cost for the service will be compared to the bid price. These costs have to be calculated and verified by either the Department of Financial Services or an independent certified public accounting firm. For the FY 2002 contract year, this verification was prepared by the Department of Financial Services at cost savings of \$12,000. The contract further provides that in the event that the actual expenses are less than the bid amount, thirty (30) percent of the savings will be paid to the employees as a year-end payment. The remaining seventy percent (70%) of savings will be placed in an escrow account by Financial Services to be applied against any cost overruns in subsequent years. Any funds remaining in the escrow account at the end of the contract will be divided equally between the City and the refuse collection and recycling employees. The fifty percent (50%) employee share will be distributed as a year-end payment on the same basis as the annual payment.

Attached is a report by the Department of Financial Services that verifies the cost for refuse collection and recycling services for FY 2002. The savings for this period were \$33,450.

✍ Seventy percent (70%) of the verified savings from the FY 2002 refuse collection and recycling contracts totaling \$23,415 (Refuse Collection - \$10,155, Recycling - \$13,260) from the Solid Waste Management Operating Fund Undesignated Fund Balance would be appropriated to the Reserves for the Refuse Collection and Recycling Gainsharing Programs.

✍ The remaining thirty percent (30%) of the verified savings from the FY 2002 refuse collection and recycling contracts totaling \$10,035 (Refuse Collection - \$4,352, Recycling - \$5,683) from the Solid Waste Management Operating Fund Undesignated Fund Balance would be appropriated to the FY 02 refuse collection and recycling operating budgets for employee compensation.

PRIOR ACTION(S): February 4, 2003 Finance Committee approval

FISCAL IMPACT: \$33,450 from the Undesignated Solid Waste Management Fund Balance

CONTACT(S): Dave Owen (847-1806x22)
Bruce McNabb (847-1362)

ATTACHMENT(S): Resolution
Department of Financial Services Verification Report

REVIEWED BY: lkp

Resolution

BE IT RESOLVED That \$23,415 (\$10,155 to the Reserve for Refuse Gainsharing and \$13,260 to the Reserve for Recycling Gainsharing) is appropriated from the Solid Waste Management Operating Fund Undesignated Fund Balance in accordance with the allocation of fiscal year budgetary savings provided for in the refuse collection and recycling gainsharing contracts; and

BE IT FURTHER RESOLVED That \$10,035 (\$4,352 for Refuse Collections and \$5,683 for Recycling) operating budget is appropriated from the Solid Waste Management Operating Fund Undesignated Fund Balance to the FY 2003 operating budget for employee compensation earned during FY 2002.

Introduced:

Adopted:

Certified:

Clerk of Council

037L

January 28, 2003

Mr. Bruce McNabb
Public Works Director
City of Lynchburg
900 Church Street
Lynchburg, VA 24505

Dear Mr. McNabb:

Attached are worksheets that calculate the amount of money available for gain sharing payments to the City's refuse collection and recycling workers applicable for FY 2002. As shown on the worksheets, the amount available for refuse collection gainsharing is \$14,507.00, and the amount available for recycling gainsharing is \$18,943.00. In accordance with the Memorandum of Understanding between City Council and the Department of Public Works, 30% of this amount is to be paid to the refuse collection and recycling employees respectively, and the remainder is to be placed in escrow until the end of the contract period.

Please review the worksheets and call me if you have any questions or need additional information.

Sincerely,

Robin M. Mamola
Accountant III

cc: M. Hill
D. Owen
F. West

**City of Lynchburg Recycling Contract
Gainsharing Profit/Loss Statement
July 1, 2001 - June 30, 2002**

Revenue Billed to City:

¹ Maintenance (\$61.54 per mo. per bin)	\$36,186
² Pulls (\$81.54 per pull)	\$203,765
Less Liquidated Damages (fines)	<u>\$0</u>
Total Revenue	<u>\$239,951</u>

Expenses:

	Actual
Salaries	\$64,626
Fringe Benefits	27,846
Supplies/Materials	5,468
Gasoline/diesel	6,742
Utilities	1,554
Contractual Services	8,678
Internal Services	32,488
Training/Meetings	265
Depreciation	50,514
Overhead	24,474
Miscellaneous (mileage, dues & memberships, petty cash)	48
Plus Borrowed Equipment	<u>(1,695)</u>
Total Actual Expenses	<u>\$221,008</u>

Gainsharing Profit/Loss	<u><u>\$18,943</u></u>
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¹ (YTD 588 containers, @ \$61.54 per mo. per bin)

² (YTD 2,499 total pulls @ \$81.54 per pull)